

proposed a budget surplus reserve fund, to make sure that if all those rosy estimates of the surplus turn out not to be true, that we will not put this country back into deficits.

□ 1815

A fellow in overalls probably made the point better than I will tonight at a town meeting I had in my district. After all my efforts to explain all this complicated talk about Federal budget surplus estimates and the national debt, he raised his hand and he says, Congressman, how can you folks in Washington talk about a surplus when you have a national debt of over \$5 trillion? Well, that stumped me for a minute, because I guess that is true. Only in Washington can people claim to have a surplus when we have a \$5 trillion debt at the same time.

Back when we got the revised estimate of the anticipated surplus that is supposed to arrive over the next 10 years of \$2.2 trillion from our Congressional Budget Office, that very day the national debt stood at \$5.6 trillion. Yes, only in Washington can people say we have a surplus when we owe \$5.6 trillion.

So before we let the politicians squander our future anticipated surplus with new spending programs or irresponsible tax cuts that primarily are aimed at the wealthiest Americans, let us set up a simple and reliable budget framework that we can all play by.

The Blue Dog Democrats, the conservative Democrats in this Congress, have always advocated a very simple plan for the use of any anticipated surplus that may arrive over the next 10 years. We say, let us dedicate 50 percent of us to paying down the national debt. Let us use 25 percent of it for commonsense tax cuts that are aimed at people who really need a tax break. Let us use 25 percent of any anticipated surplus to be sure that we save social security and Medicare for the next generation.

That is a sensible plan, a sound plan, and any time I have had the opportunity to talk about it to the people of my district, they say it is a good plan that we ought to follow. Our national debt works a lot like our credit cards. When the United States runs up a big debt that we do not pay off, then we have to pay interest. The debt keeps growing, and so do the interest payments.

The interest today is eating away at our budget. We spent last year almost as much on interest on our national debt as we spent on the entire defense budget, which is the largest category of spending in the Federal budget.

If we use half of our surplus to pay down the national debt, we can pay it off entirely in 10 years. There is still room after that to afford other national priorities like commonsense tax cuts, social security reinforcement, and to save the Medicare program for the future.

But it seems that here in Washington, in order to issue a good press

release about how big a tax cut we are for, the majority in this Congress has insisted on applying the bulk of any anticipated surplus to tax cuts. In fact, if we total up all the tax cuts that have passed through one House or the other in this Congress, they total almost \$1 trillion.

President Bush has proposed \$1.3 to \$1.6 trillion in tax cuts over the next 10 years. It is hard for me to see how they could devote 80 to 90 percent of any anticipated surplus that may not even show up to tax cuts, and then tell the American people that they are going to pay off the national debt. The truth of the matter is that we cannot do it.

Under those almost \$1 trillion in tax cuts, we find that they were targeted at the wealthiest Americans. In fact, an analysis that I looked at just the other day said that 50 percent of the tax cuts in that Republican plan, that \$1 trillion, almost, in tax cuts, would go to the wealthy families of our country who make over \$130,000, the top 5 percent of American families, while on the other hand, middle-income families making under \$40,000 would get less than 10 percent of those tax cuts.

Stated another way, it means that a middle-income family earning \$50,700 a year would get a tax break under the Republican plan of \$323 a year, less than \$1 a day, while the wealthy family earning \$329,000 a year would save \$6,408 in their tax obligation. That is simply not fair.

Yes, all Americans need tax relief, but those who have benefited the most from the prosperity that we have enjoyed should not receive the largest percentage of income savings. We need to get our financial house in order and our debt paid off before we give Bill Gates and Ross Perot a multi-billion dollar tax break.

Let me make it clear, I am a strong supporter of tax cuts for working families. The Democrats in this Congress have voted for tax cuts for American families. They have voted for a less expensive version of the estate tax repeal that would repeal the estate tax for 95 percent of the American people who currently would be obligated to pay one, and keep in mind, only 2 percent of American families even pay the estate tax today.

The Democrats also advocated getting rid of the marriage penalty, and voted on the floor of this House to do so, but the Republicans wanted to be sure they had a sweeter deal and they proposed a tax cut that not only eliminated the marriage penalty, but gave tax relief to those who actually get a marriage bonus.

As I say, if we look at all the tax cuts that the Republican majority has passed on either the floor of this House or the Senate totalling almost \$1 trillion, what we find is that the wealthiest Americans benefit the most, leaving the crumbs to average working families.

It is the hard work of every American taxpayer that is fueling our sur-

plus. As I have heard said often in the presidential campaign, American families need tax relief, and they do. Both candidates agree. But the truth of it, to say that the surplus is not the government's money, it is the people's money, misses the point, because the people of the country also, unfortunately, owe almost \$6 trillion in debt.

So let us be sure that when we talk about tax cuts, that we are talking about responsible tax cuts aimed at middle-income Americans who need the tax relief, and let us also be sure that we do not make those tax cuts so big that we fail to deal with the national debt, which is approaching \$6 trillion.

The truth is, the best tax cut that the American people can get is to pay down the national debt. Let me say that again. The best tax cut that the American people can get is to pay down the national debt.

Members may say, why is that so? Economists uniformly agree that if we pay down the national debt, it gets the government out of the business of borrowing money in the credit market. If we reduce the demand for credit, the effect across-the-board is to lower interest rates: less demand from borrowed money, lowered interest rates.

So what we can do is pay down the national debt, and by doing so, give the American people something even better than tax relief.

The Council of Economic Advisors reports that paying down the debt over the next 10 years will save American families \$250 billion in home mortgage payments alone, \$250 billion. A 2 percent reduction in interest rates would save a family paying a \$100,000 mortgage \$2,000 a year.

Keep in mind, even the gigantic, irresponsible Republican tax cut plan saves an average working family, a middle-income family, less than \$1 a day, less than \$323 a year. If we can lower interest rates and that family is trying to pay off a home, and most families enjoy the opportunity to own their own home at some point in their lives, if we can reduce that interest rate 2 percent, we will not save them \$323, we will save them \$2,000 a year.

That is the kind of sound budget plan that this Congress need to pursue. We have a responsibility in these prosperous times to take advantage of a historic opportunity to pay down the debt, a debt that was accumulated over 30 years of deficit spending. We have a responsibility not to count on the estimated \$2 trillion surplus that is supposed to arrive here over the next 10 years by deciding today what we are going to do with it.

It is kind of interesting, because we actually here in Congress have had tax cuts on the floor that would consume the opportunity for any Congress in the next 10 years to vote on a tax cut. It seems to me that those who claim to be fiscally prudent, who claim to be fiscal conservatives, would understand that we do not spend a surplus that is